

LAW OFFICES
JOHN D. HEFFNER, PLLC
1750 K STREET, N.W.
SUITE 200
WASHINGTON, D.C. 20006
PH: (202) 296-3333
FAX: (202) 296-3939

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SEP 20 2010

**SURFACE
TRANSPORTATION BOARD**

FILED

September 20, 2010

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**SURFACE
TRANSPORTATION BOARD**

ENTERED
Office of Proceedings

SEP 20 2010

Part of
Public Record

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

BY HAND DELIVERY

**Re: STB Finance Docket No. 35411
Jackson & Lansing Railroad Company—Lease and Operation
Exemption—Norfolk Southern Railway Company**

Dear Madam Chief:

Attached for filing are the original and ten (10) copies of a Verified Notice of Exemption under 49 C.F.R. 1150.31 and a check for \$1,800 covering the filing fee.

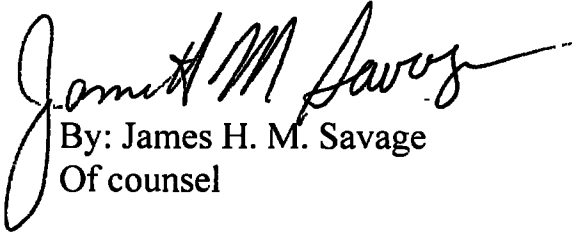
Pursuant to the requirements of 49 CFR 1150.33(h), Jackson & Lansing Railroad Company ("JAIL") is filing ten (10) copies of the Lease Agreement between JAIL and Norfolk Southern Railway Company. These are **HIGHLY CONFIDENTIAL** documents which are submitted under seal pursuant to 49 CFR 1104.14(a) and are not to become part of the public record in this proceeding.

Please time and date stamp the extra copy of the Exemption Notice and return it to our messenger. Should you have any questions about this filing, or this matter generally, please contact me either by telephone: (202) 296-3335 or by E-mail: jsavagelaw@aim.com.

filing, or this matter generally, please contact me either by telephone: (202) 296-3335 or by E-mail: jsavagelaw@aim.com.

We thank the Board's OOP for their time and consideration.

Respectfully submitted,
John D. Hefner, PLLC



By: James H. M. Savage
Of counsel

Enc.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35411

**JACKSON AND LANSING RAILROAD COMPANY
- LEASE AND OPERATION EXEMPTION –
LINES OF NORFOLK SOUTHERN RAILWAY COMPANY
IN INGHAM AND JACKSON COUNTIES, MI**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10901 and 49 CFR 1150.31**

Submitted By:

John D. Heffner, PLLC
1750 K Street, N.W., Suite 200
Washington, D.C. 20006
(202) 296-3335

James H. M. Savage
Of Counsel

*Attorneys for Applicant
Jackson & Lansing Railroad Company*

Dated: September 20, 2010

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35411

**JACKSON AND LANSING RAILROAD COMPANY
- LEASE AND OPERATION EXEMPTION –
LINES OF NORFOLK SOUTHERN RAILWAY COMPANY
IN INGHAM AND JACKSON COUNTIES, MI**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10901 and 49 CFR 1150.31**

INFORMATION REQUIRED BY 49 CFR 1150.33

Jackson & Lansing Railroad Company (“JAIL”), a non-carrier, hereby files this Verified Notice of Exemption under 49 CFR 1150.31, et seq., to lease and operate the following rail property owned by Norfolk Southern Railway Company (“NSR”) : a 36.9 mile line of rail between the connection with the NSR Michigan Main Line at Milepost LZ 0.0 in Jackson, MI and Milepost LZ 36.9 in Lansing, MI (the “Lansing Secondary”), a 5.1 mile line of rail between Milepost XF 0.0 and Milepost XF 5.1 in Lansing, MI (the “Lansing Manufacturers Railroad”), a 1.8 mile rail segment between Milepost XM 57.1 and Milepost XM 58.9 in Lansing, MI (the “Lansing Industrial Track”), and an 0.7 mile segment of the Lansing Industrial Track between Milepost UA 60.7 and Milepost UA 61.4 in Lansing, MI. Additionally, JAIL’s Notice covers a grant by NSR of 2.96 miles of incidental

trackage rights over the NSR Michigan Main Line between Milepost MH 72.73 and Milepost NS 75.67 (equal to Milepost LZ 0.0) in Jackson, MI. JAIL's acquisition of incidental trackage rights over this segment will be for the purpose of interchange with NSR only.

Additionally, JAIL has entered into an agreement with NSR whereby NSR has assigned to JAIL, NSR's local and bridge trackage rights over 1.06 miles of the Lansing Secondary owned by NSR and leased to CSX Transportation, Inc. ("CSXT") between Milepost LZ 36.8 in Lansing, MI¹ and Milepost LZ 37.86 in North Lansing, MI.² CSXT has consented to such assignment. JAIL is concurrently seeking Board approval for its acquisition of these trackage rights in Finance Docket No. 35418, Jackson & Lansing Railroad Company-Trackage Rights Exemption-Norfolk Southern Railway Company.

This Notice is also related to another Notice filed concurrently in Finance Docket No. 35410, Adrian & Blissfield Rail Road Company—Continuance in Control Exemption—Jackson and Lansing Railroad Company, in which Adrian & Blissfield Rail Road Company ("ADBF") is seeking an exemption to continue in

¹ Despite the apparent overlap, the boundary of the assigned trackage rights is distinct from the boundary of the Lansing Secondary. The apparent overlap is the result of an historical rounding error in NSR's engineering maps.

² By Lease Agreement entered into April 21, 1995, Conrail leased this trackage to CSXT. By even date, CSXT granted local and bridge trackage rights back to Conrail. Upon acquiring the Lansing Secondary from Conrail in 1998, NSR succeeded to Conrail's rights under both the April 21, 1995 Lease Agreement and Trackage Rights Agreement ("TRA"). NSR now assigns its rights under the TRA to JAIL.

control of JAIL, a corporation established under Michigan law. ADBF currently owns 100% of the outstanding shares of JAIL.

Name and Address of Applicant

49 CFR 1150.33(a)

Jackson & Lansing Railroad Company
38235 Executive Drive
Westland, MI 48185-1971

Applicant's Representative

49 CFR 1150.33(b)

John D. Heffner, PLLC
James H. M. Savage, of counsel
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3335

Statement of Agreements

49 CFR 1150.33(c)

On August 13, 2010 JAIL executed an agreement with NSR to lease and operate the following 44.5 miles of rail property owned by NSR: 36.9 miles of the Lansing Secondary between the connection with the NSR Michigan Main Line at Milepost LZ 0.0 in Jackson, MI and Milepost LZ 36.9 in Lansing, MI, 5.1 miles of the Lansing Manufacturers Railroad between Milepost XF 0.0 and Milepost XF 5.1 in Lansing, MI, 1.8 miles of the Lansing Industrial Track between Milepost XM 57.1 and Milepost XM 58.9 in Lansing, MI and 0.7 miles of the Lansing Industrial Track between Milepost UA 60.7 and Milepost UA 61.4 in Lansing, MI. The

lease commencement date is expected to occur as soon as possible after October 15, 2010.

In connection with the lease agreement, on August 16, 2010, JAIL and NSR executed a Trackage Rights Agreement whereby NSR granted certain limited incidental trackage rights to JAIL. The incidental trackage rights granted by NSR to JAIL pertain to 2.96 miles over NSR's Michigan Main Line between Milepost NS 75.67 (equal to Milepost LZ 0.0) and Milepost NS 72.73 in Jackson, MI and are for the purpose of enabling JAIL to interchange with NSR at NRS's Jackson (MI) Yard.

Also in connection with the lease agreement, on August 16, 2010, JAIL and NSR executed an Interchange Agreement enabling JAIL to use the tracks in Jackson Yard for the sole purpose of interchange with NSR.

Operator of the Property

49 CFR 1150.33(d)

In all cases anticipated by this Notice, and as described in the transaction summary provided below, JAIL will hold itself out to provide common carrier rail freight service over the subject rail Line.

Brief Summary of Transaction

49 CFR 1150.33(e)

This transaction involves the lease and operation by JAIL, a non-carrier which will become a Class III short line railroad carrier upon this exemption taking

effect, of certain rail property owned by NSR which had previously been operated by NSR.

(1) Name and address of incumbent railroad

Norfolk Southern Railway Company
Three Commercial Place
Norfolk, VA 23510

(2) Proposed time schedule for consummation of transaction.

JAIL plans to commence operations as soon as possible after October 16, 2010, but in any event at least 30 days after the filing of this Notice.

(3) Mileposts of the subject property.

JAIL intends to lease and operate the following rail property owned by NSR: 36.9 miles of the Lansing Secondary between the connection with the NSR Michigan Main Line at Milepost LZ 0.0 in Jackson, MI and Milepost LZ 36.9 in Lansing, MI, 5.1 miles of the Lansing Manufacturers Railroad between Milepost XF 0.0 and Milepost XF 5.1 in Lansing, MI, 1.8 miles of the Lansing Industrial Track between Milepost XM 57.1 and Milepost XM 58.9 in Lansing, MI and 0.7 miles of the Lansing Industrial Track between Milepost UA 60.7 and Milepost UA 61.4 in Lansing, MI.

The incidental trackage rights granted by NSR to JAIL pertain to 2.96 miles over NSR's Michigan Main Line between Milepost NS 75.67 (equal to Milepost LZ 0.0) and Milepost NS 72.73 in Jackson, MI.

(4) Total Route Miles.

By this transaction JAIL intends to lease and operate rail property comprising a total of 44.5 route miles. By this transaction JAIL further intends to acquire from NSR incidental trackage rights over an additional 2.96 route miles.

Map of Area to be Served

49 CFR 1150.33(f)

A map clearly indicating the area to be served, including origins, termini, stations, cities, counties, and states, is attached as Exhibit A.

Certificate of Carrier Classification

49 CFR 1150.33(g)

JAIL certifies that following this transaction taking effect, its projected annual revenues will remain less than \$5,000,000 annually. A certificate complying with the provisions of 49 CFR 1150.33(g) is attached as Exhibit B to this notice.

Transactions Imposing Interchange Commitments

49 CFR 1150.33(h)

The Lease Agreement between NSR and JAIL contains a provision that will enable JAIL to reduce its lease payments by receiving a credit for each car interchanged with NSR. NSR initially proposed a fixed rental payment with no option to reduce rent. JAIL, however, insisted on a lease credit option to provide an opportunity for JAIL to earn lower rental payment so that JAIL will be able to invest improvements on the leased lines to increase traffic levels. The affected

interchange point is Jackson, MI. Out of an abundance of caution a confidential copy of the Lease Agreement is being filed under seal with the Board under 49 C.F.R. 1104.14(a) and 1150.33(h)(ii).

Caption Summary

49 CFR 1150.34

A caption summary in prescribed form is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Data


49 CFR 1105

Under 49 CFR 1105.6(c)(2), the proposed transaction is exempt from environmental reporting requirements. The proposed transaction will not result in significant changes in carrier operations, i.e., changes exceeding the thresholds established in 1105.7(e)(4) or (5).

In addition, this transaction is exempt from historic review under 1105.8(b)(1). The proposed lease is for the purpose of continued rail operations, further Board approval would be required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

Respectfully submitted,

John D. Heffner, PLLC
1750 K Street, N.W. Ste. 200
Washington, D.C. 20006
(202) 296-3335


By: James H.M. Savage
Of Counsel

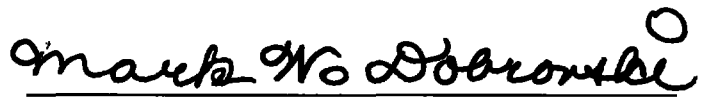
*Attorneys for Applicant
Jackson & Lansing Railroad Company*

Dated: September 20, 2010

VERIFICATION

Pursuant to 28 U.S.C. 1746, I declare and verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on: September 20, 2010

A handwritten signature in black ink, reading "Mark W. Dobronski". The signature is written in a cursive style with a large, looped capital "M" and a small circle at the end of the line.

Mark W. Dobronski, President
Jackson & Lansing Railroad Company

EXHIBIT A - MAP

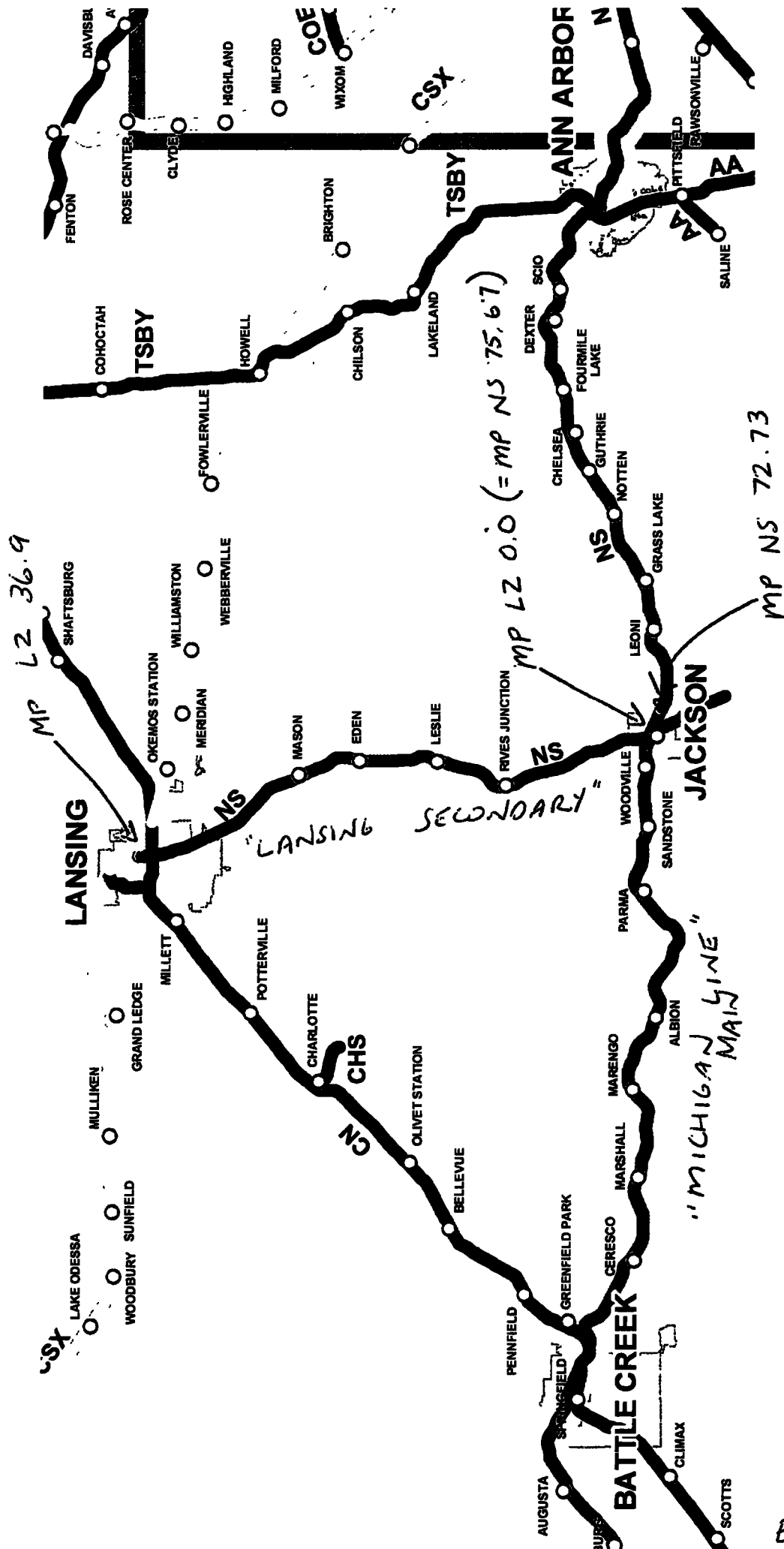
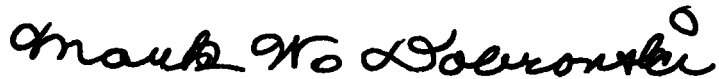


EXHIBIT A

EXHIBIT B
CLASS CERTIFICATION

I, Mark W. Dobronski, as President of the Jackson & Lansing Railroad Company ("JAIL") hereby certify under penalty of perjury that the projected annual railroad operating revenues of the JAIL, in the aggregate, will not exceed \$5,000,000, and that JAIL will be a Class III rail carrier as set forth at 49 CFR 1201 (1-1) (a). Further, I certify that I am qualified and authorized to make this certification on behalf of JAIL.



Mark W. Dobronski, President
Jackson & Lansing Railroad Company

Dated: September 20, 2010

EXHIBIT C – CAPTION SUMMARY

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

STB FINANCE DOCKET NO. 35411

**JACKSON AND LANSING RAILROAD COMPANY
- LEASE AND OPERATION EXEMPTION –
LINE OF NORFOLK SOUTHERN RAILWAY COMPANY
IN INGHAM AND JACKSON COUNTIES, MI**

NOTICE OF LEASE AND OPERATION OF RAIL LINE

Jackson & Lansing Railroad Company (“JAIL”), a non-carrier, has filed a Verified Notice of Exemption under 49 CFR 1150.31 to lease and operate the following rail properties owned by Norfolk Southern Railway Company (“NSR”): a 36.9 mile line of rail between the connection with the NSR Michigan Line at Milepost LZ 0.0 in Jackson, MI and Milepost LZ 36.9 in Lansing, MI (the “Lansing Secondary”), a 5.1 mile line of rail between Milepost XF 0.0 and Milepost XF 5.1 in Lansing, MI (the “Lansing Manufacturers Railroad”), a 1.8 mile rail segment between Milepost XM 57.1 and Milepost XM 58.9 in Lansing, MI (the “Lansing Industrial Track”), and an 0.7 mile segment of the Lansing Industrial Track between Milepost UA 60.7 and Milepost UA 61.4 in Lansing, MI.

Additionally, on August 16, 2010, JAIL and NS executed a Trackage Rights Agreement whereby NS granted certain limited incidental trackage rights to JAIL. The trackage rights granted by NS to JAIL are for the purpose of enabling JAIL to interchange with NS at Jackson (MI) Yard on the Michigan Main Line. The trackage rights pertain to track owned by NS on the Michigan Main Line between Milepost NS 75.67 (another description for Milepost LZ 0.0) and Milepost NS 72.73, both of which are located in Jackson, MI, a distance of 2.96 miles.

This Notice is related another notice filed concurrently in Finance Docket No. 35410, Adrian & Blissfield Rail Road Company—Continuance in Control Exemption—Jackson and Lansing Railroad Company, in which Adrian & Blissfield Rail Road Company (“ADBF”) is seeking an exemption to continue in control of JAIL, a corporation established under Michigan law.

JAIL plans to consummate this transaction as soon as possible after October 16, 2010, but in any event at least thirty (30) days after the filing of this Notice.

Comments must be filed with the Board and served on:

John D. Heffner, PLLC
1750 K Street, N.W. – Suite 350
Washington, D.C. 20006
Telephone: (202) 296-3334

And

David L. Coleman
General Attorney
Norfolk Southern Corporation

Norfolk Southern Corporation
Three Commercial Place
Norfolk, VA 23510-9241
Telephone: (757) 629-2806

This notice is filed under 49 C.F.R. 1150.31. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

(seal)

Cynthia T. Brown,
Chief, Section of Administration